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Potlatch.

November 1, 2011

Richard Mednick
Region 10
U.S. Environmental Protection Agency (EPA)
Office of Regional Counsel
1200 Sixth Avenue
Seattle, WA 98101

Re: Avery Landing Site Cleanup
Docket No. CERCLA-10-2008-0135

Dear Richard:

In response to your request for additional information dated October 26, 2011 regarding Potlatch's proposal to undertake an independent cleanup action on its property at the Avery Landing Site, I am providing the information set forth below. Since engineering design plans have yet to be fully developed by both Potlatch's and EPA's consultants it is difficult to respond in detail to all of the specific questions you raised last week. However, we believe a number of key principles would apply to cleanup of the Avery Site in 2012 that support an independent cleanup by Potlatch. We will be prepared to discuss these principles in greater detail at our meeting on Thursday, November 3rd.

1. The Remediation Will Need to Proceed in Phases. As we have discussed, the layout of the Site and groundwater gradients present challenges for remediation (see Exhibit A attached hereto for site diagrams showing elevations and ground water gradients at the Site). It is clear to Potlatch's consultants, that due to the physical constraints of the Site, the need to relocate Highway 50 during a portion of the cleanup, and the need to avoid cross-contamination of upgradient to downgradient properties and to minimize working within seasonal high ground water, it will be necessary to remediate the Site in three phases.

A. Phase 1. The first phase would occur on the upgradient FHA right of way. This would require re-routing of Highway 50 on the Potlatch and Bentcik properties while remediation proceeds on the FHA property. The Potlatch property could also be used as a staging area during FHA remediation. Attached as Exhibit B is a Site Diagram depicting the Phase 1 work.

B. Phase 2. The second phase would occur upon completion of FHA remediation and the restoration of the original Highway 50 route. This phase would occur on the Bentcik

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property. During remediation of the Bentcik property, the Potlatch property would be available for a staging area. Attached as Exhibit C is a Site Diagram depicting the Phase 2 work.

C. Phase 3. The third phase of the remediation would occur on the Potlatch property upon completion of the Bentcik cleanup. Again, a portion of the Potlatch property would be utilized as a staging area during the remediation. Attached as Exhibit D is a Site Diagram depicting the Phase 3 work.

2. Transition Between FHA/Bentcik Cleanup and Potlatch Independent Cleanup. It appears that many of the questions you raised last week related to the transition between an EPA cleanup on the FHA/Bentcik property and the commencement of a cleanup on Potlatch property. The Phased Approach described above would facilitate construction and maintenance of Site cleanup infrastructure by providing convenient staging areas. Moreover, Potlatch's consultants have had numerous experiences with these types of situations and we do not foresee any difficulties in accomplishing a smooth transition between the work across property boundaries. Common construction practices can be utilized to effectively transition between phases by utilizing stable side slopes and vertical shoring. Attached as Exhibit E are a series of slides visually depicting how the transition of soil excavation would take place along the Bentcik and Potlatch property boundary.

3. Coordination Between EPA and Potlatch. It also appears from many of the questions you raised last week, that there may be concerns about the level of coordination between EPA, Potlatch and its contractors on the Site while remediation proceeds. Potlatch believes the best approach to address these issues is for the EPA and Potlatch to develop a Site-wide Remediation Plan that will describe in detail the scope, engineering, design, schedule, work performance and coordination necessary to carry out the phased cleanup and the transition between phases. An EPA-approved Site-wide Remediation Plan would address Federal, State and Tribal entity interests and facilitate community relations for the cleanup.

Following completion of an EPA-approved Site-wide Remediation Plan, Potlatch would complete the Phase 3 work in accordance with the Plan. The Potlatch remediation would be subject to whatever level of EPA oversight the agency chooses to provide.

The EPA approved Site-wide Remediation Plan would also address long-term monitoring and maintenance, with Potlatch responsible for EPA-supervised monitoring and maintenance on its property.

4. Cleanup in 2012. As I indicated earlier, Potlatch's consultants have considerable experience with remediation by multiple parties and we believe this approach does not pose

significant risk to accomplishment of the cleanup goals at the Site. We understand the EPA's concern about the short window of time available for cleanup in 2012. As I have indicated to you in the past, Potlatch is committed to cleaning up its property in 2012. Potlatch and its consultants are confident that if Phase 1 and Phase 2 work proceed on schedule this can be accomplished. Further we believe that due to the constraints of the Site discussed above, that EPA would not be able to complete the cleanup any sooner if the agency chose to clean up the Potlatch property.

5. Disagreements on Cost Estimates and Alleviation of Liability. Based on our consultants' careful calculations and review of all of the available data and information at the Site, it appears that EPA and Potlatch are far apart on estimated costs of the cleanup as well as what Potlatch's share of the costs should be for the cleanup. As we have discussed, this gap may not be easily bridged. A Potlatch independent cleanup on its property would avoid the necessity of further disputes on these issues. If we could agree on this approach, Potlatch and its consultants would be available immediately to begin working on a Site-wide remediation plan with EPA and its consultants.

In closing, we believe that a Potlatch independent cleanup of its property is workable, will comply with the goals of EPA as articulated in the EE/CA, will not delay cleanup in the Site and could avoid a lengthy and costly dispute with EPA. We look forward to meeting with you and EPA representatives on November 3rd to discuss these issues in greater detail and to answer any questions you may have.

Very truly yours,

Lorrie D. Scott
Vice President, General Counsel & Corporate Secretary

Enclosures

Exhibit A - Elevation

Start in higher elevation areas to allow construction to begin before water levels reach seasonal low to facilitate project schedule and minimize need for dewatering

Construction area sequence: 1A, 1B, 1C and 2

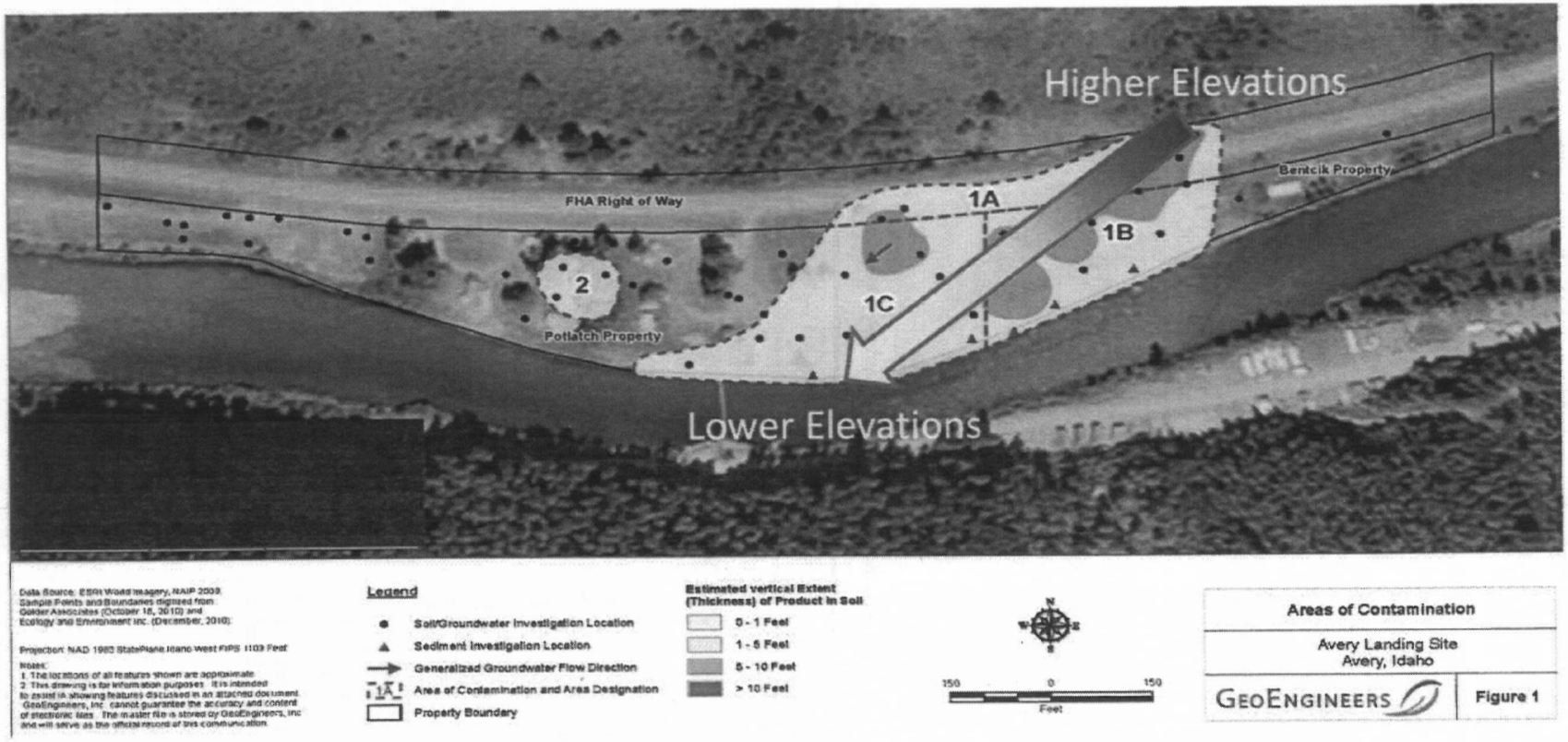


Exhibit A - Contamination Gradient

Sequence work from upgradient contamination to downgradient contamination to prevent recontamination of cleaned up areas

Construction area sequence: 1A, 1B, 1C and 2

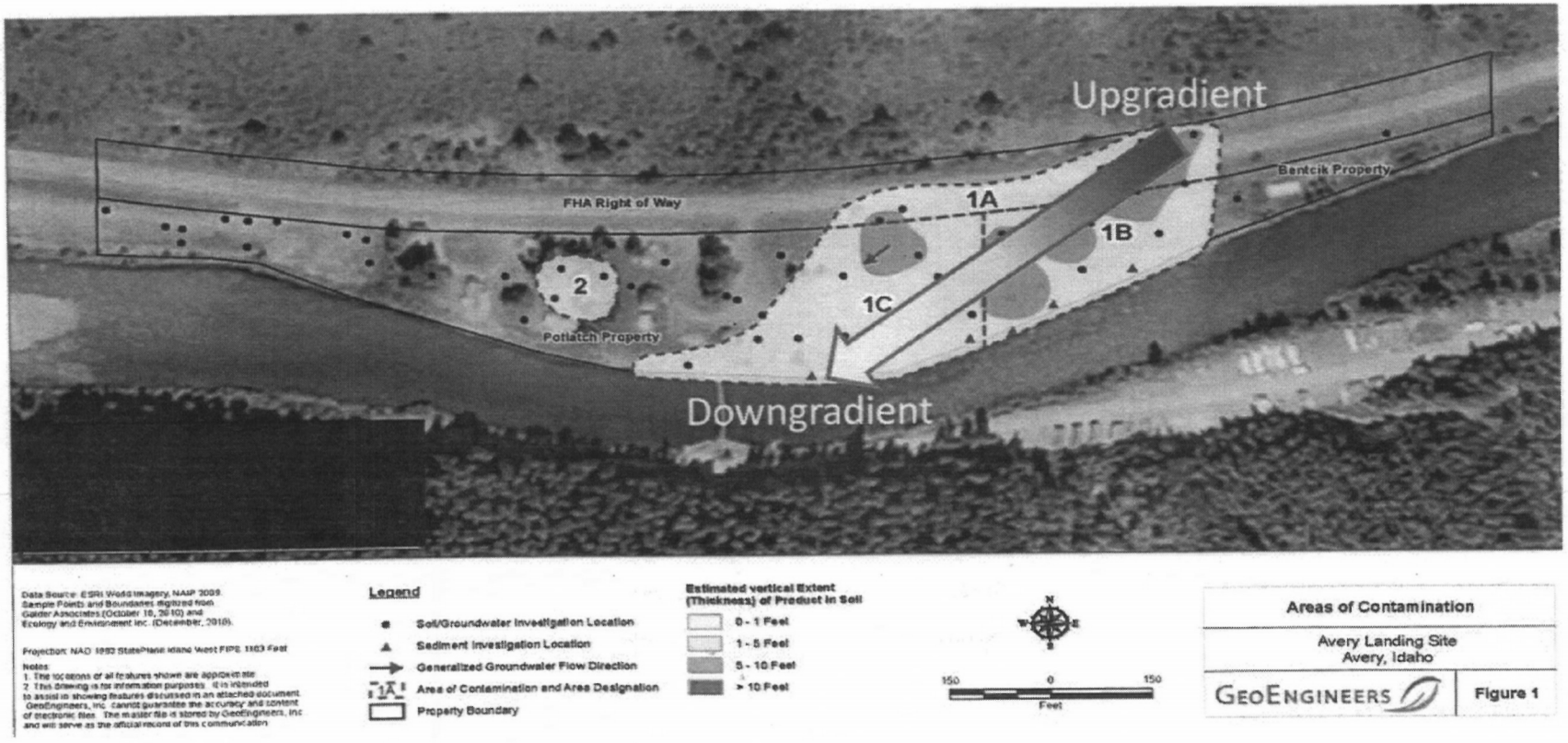


Exhibit B - Phase 1 Staging

Utilize Bentcik and Potlatch properties to re-route highway and as laydown areas for FHWA area construction.

Construction area sequence: 1A, 1B, 1C and 2

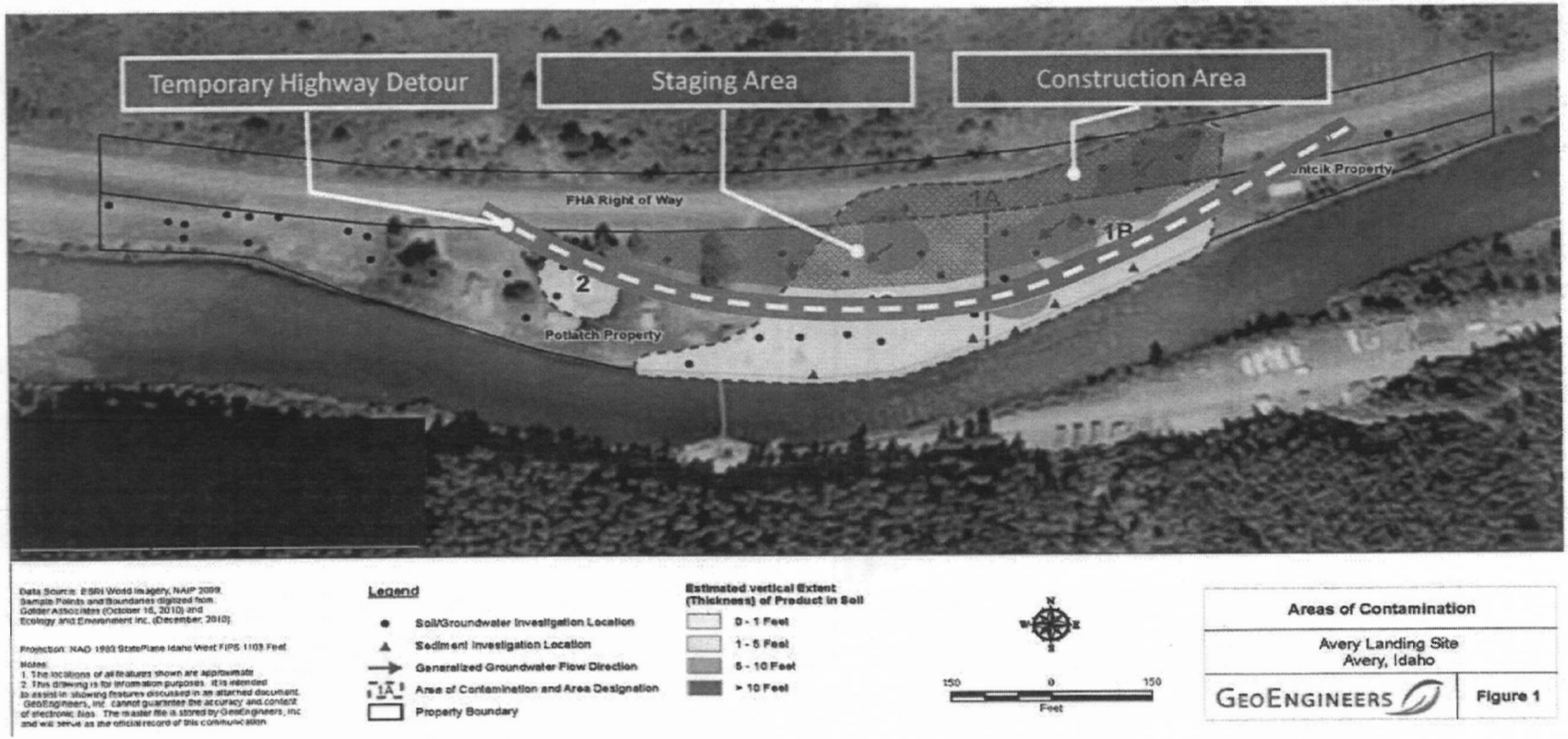


Exhibit C - Phase 2 Staging

Utilize Potlatch property as laydown area for Bentcik area construction to avoid recontamination of clean areas and minimize disruptions to the highway

Construction area sequence: 1A (clean), 1B, 1C and 2

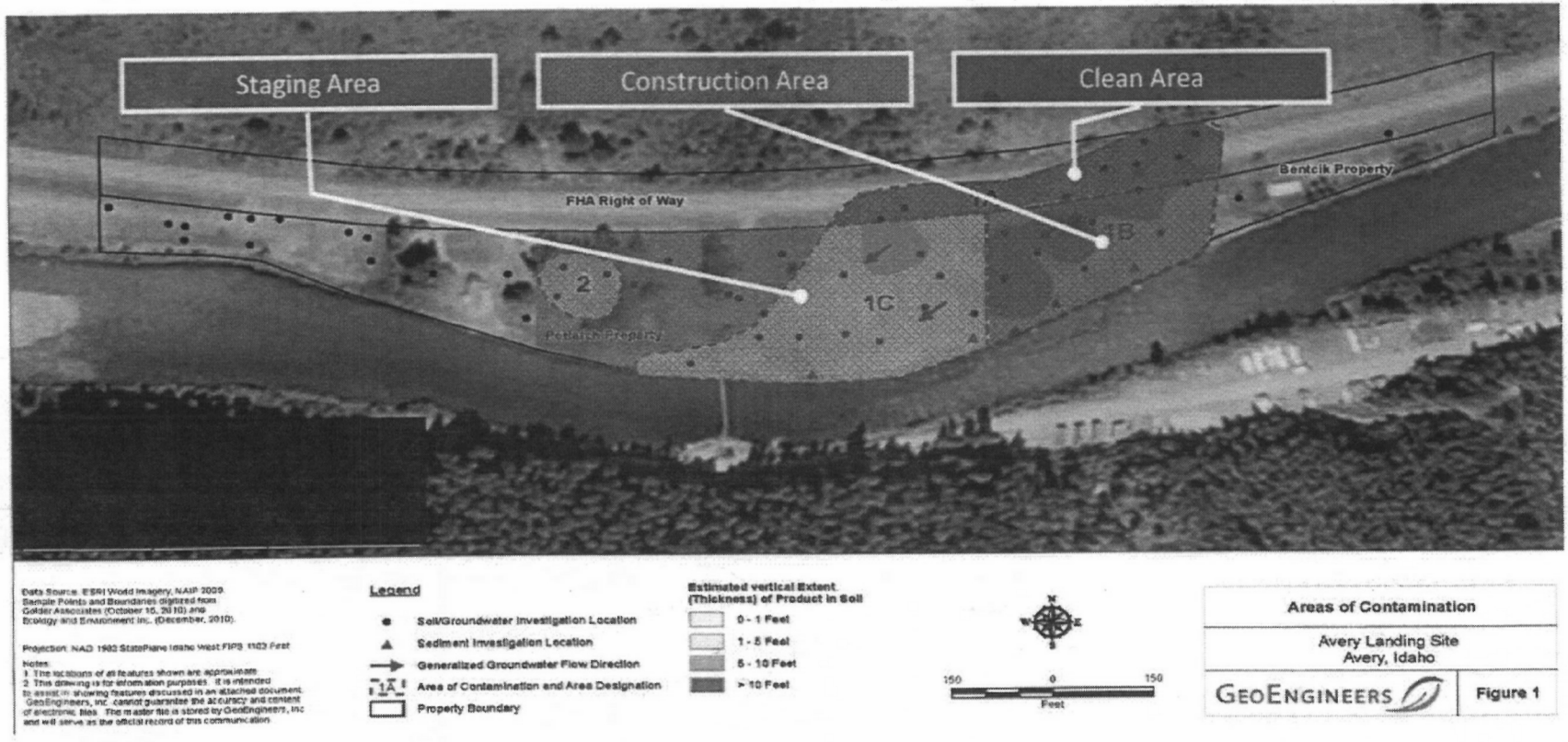
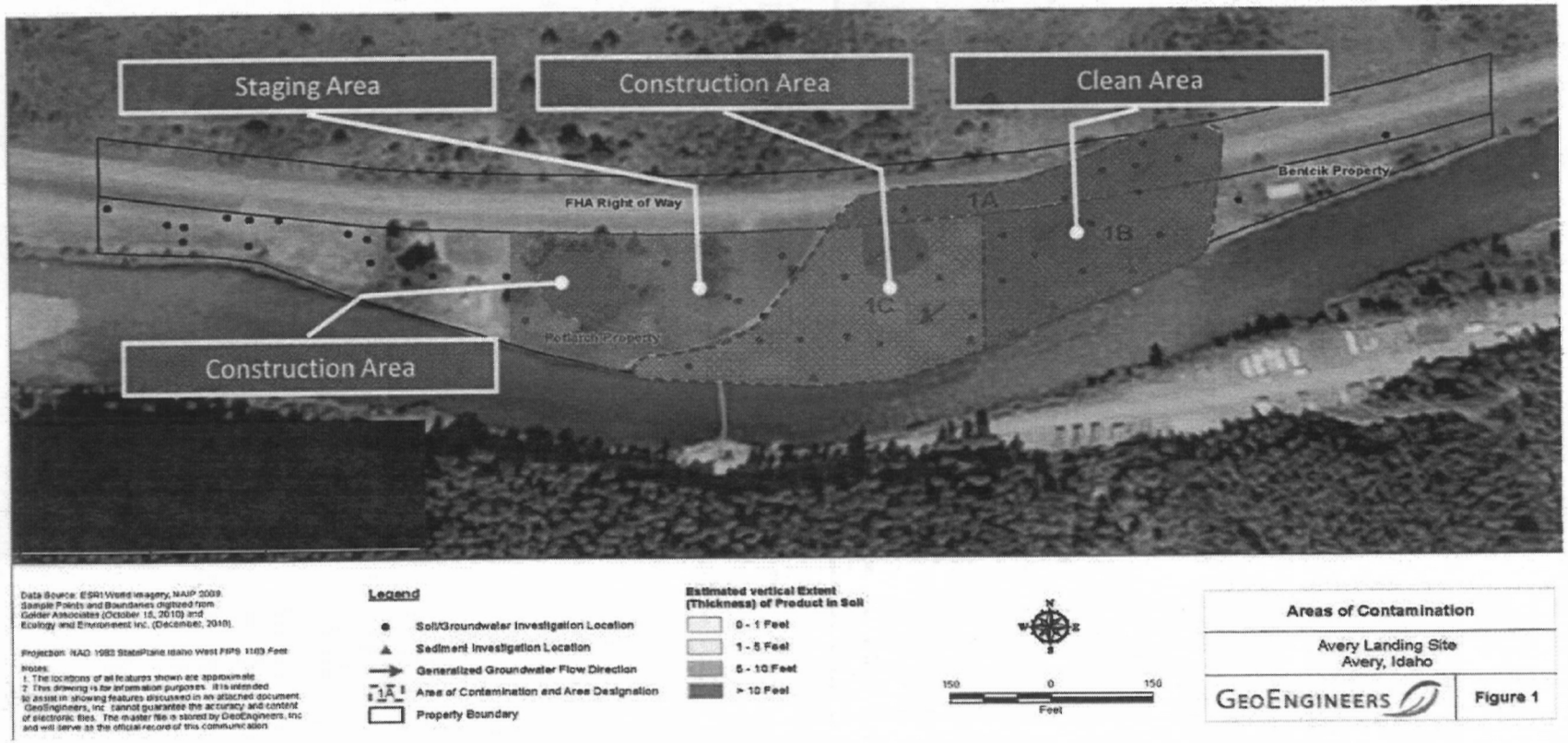


Exhibit D - Phase 3 Staging

Utilize Potlatch property as laydown area for Potlatch area construction to avoid recontamination of clean areas and minimize disruptions to the highway

Construction area sequence: 1A (clean), 1B (clean), 1C and 2



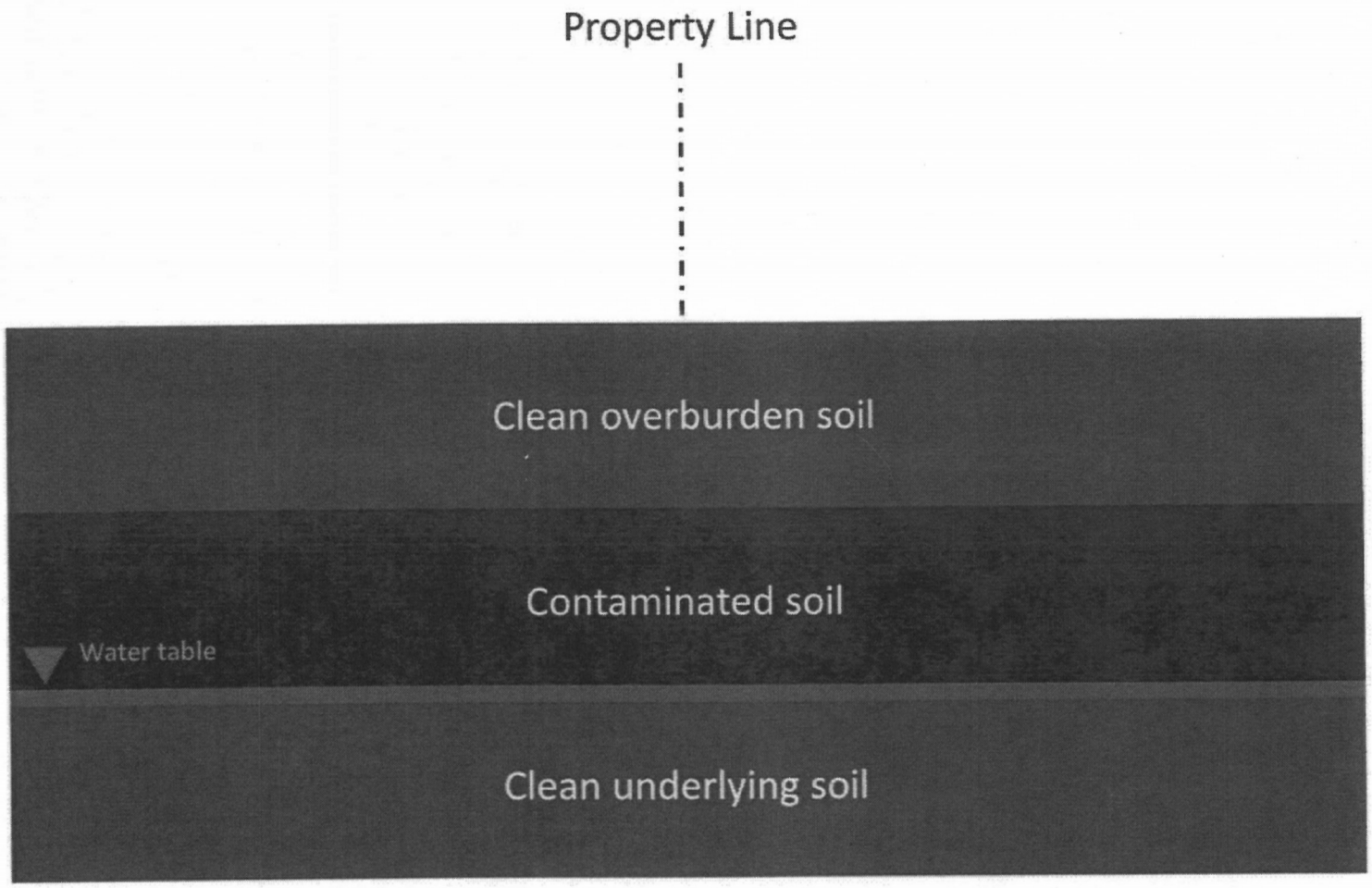
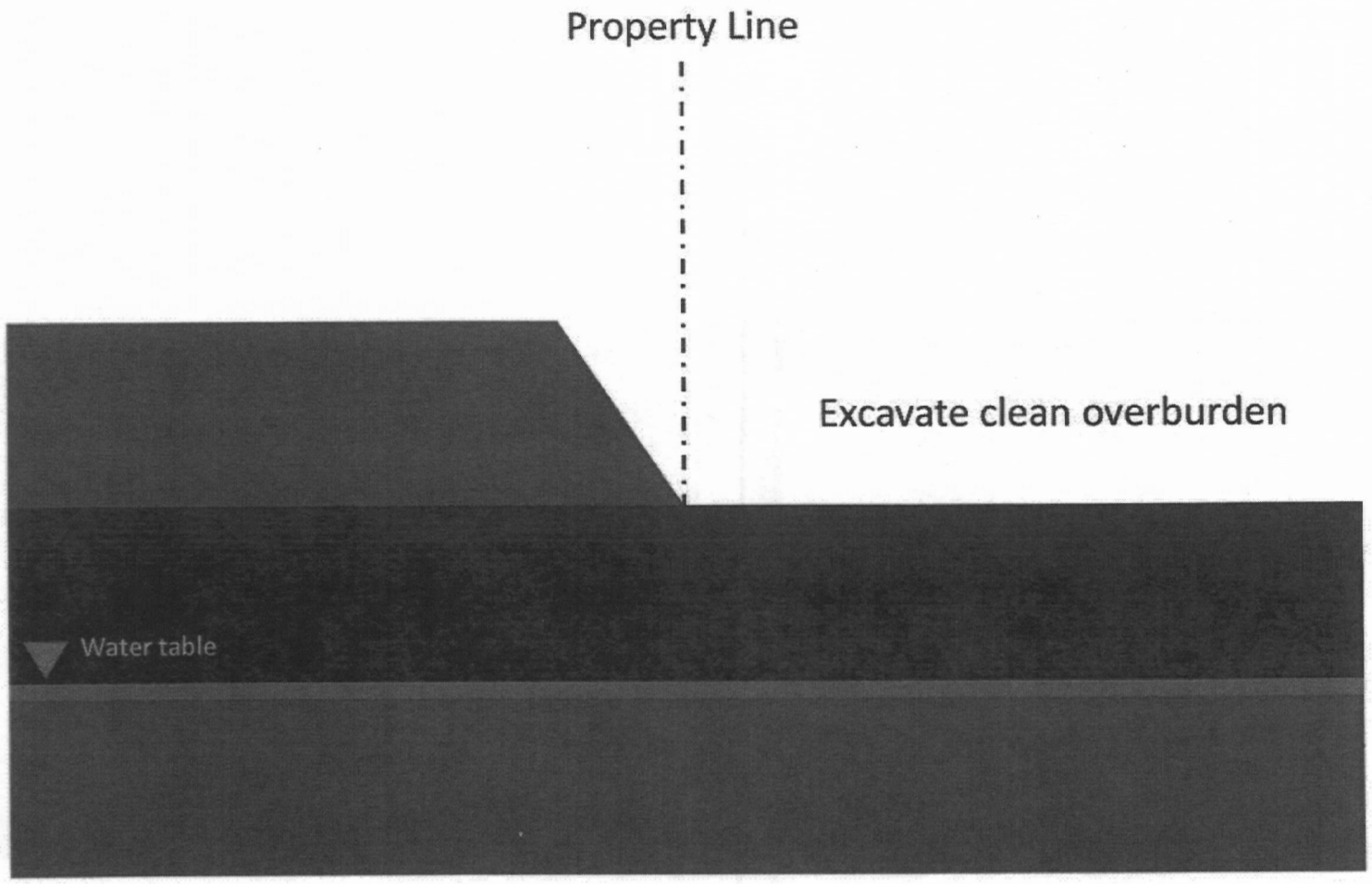
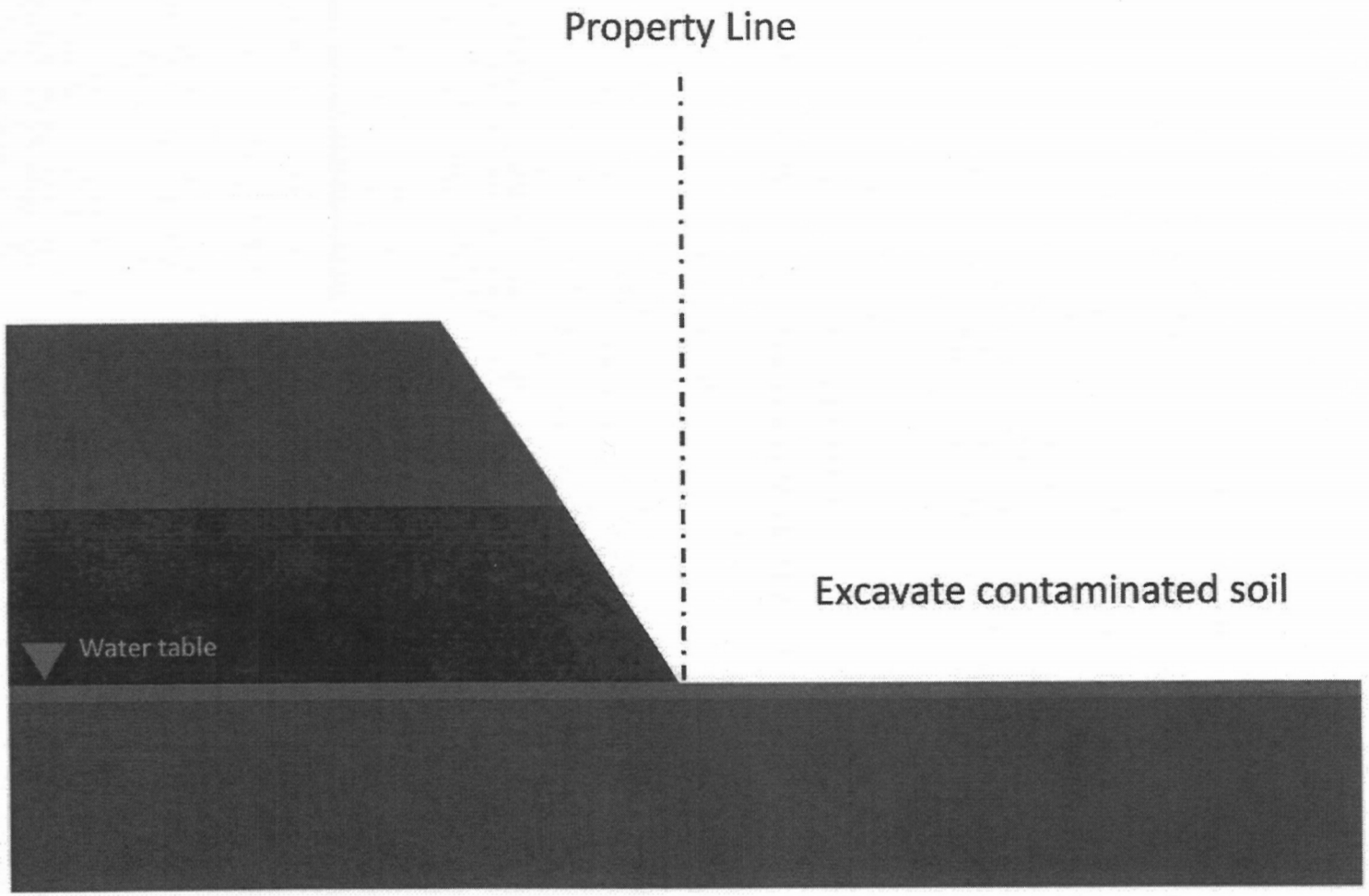


Exhibit – E - Typical side slope transition sequence


Property Line
Excavate clean overburden
Water table


Property Line
Excavate contaminated soil
Water table

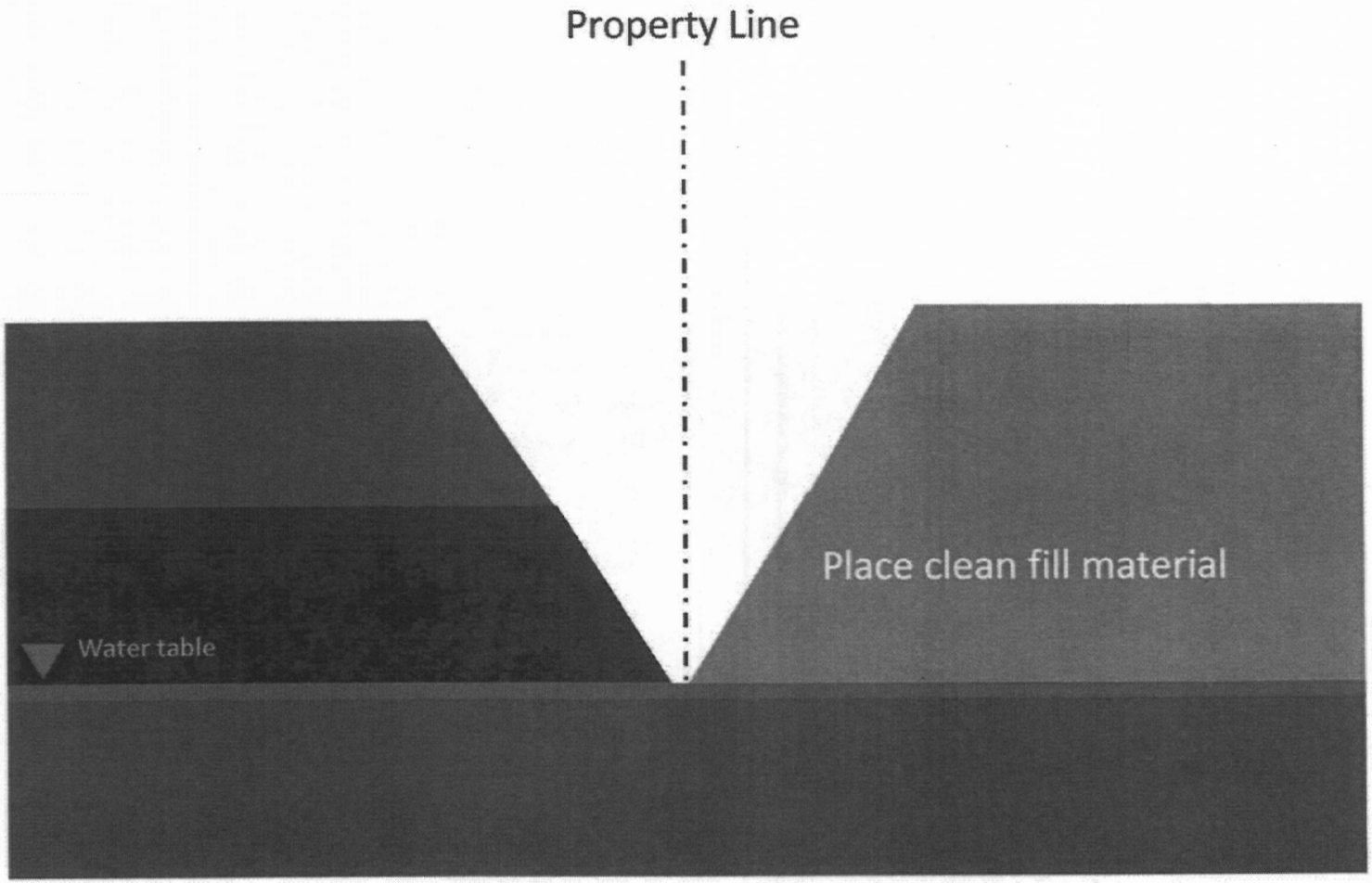
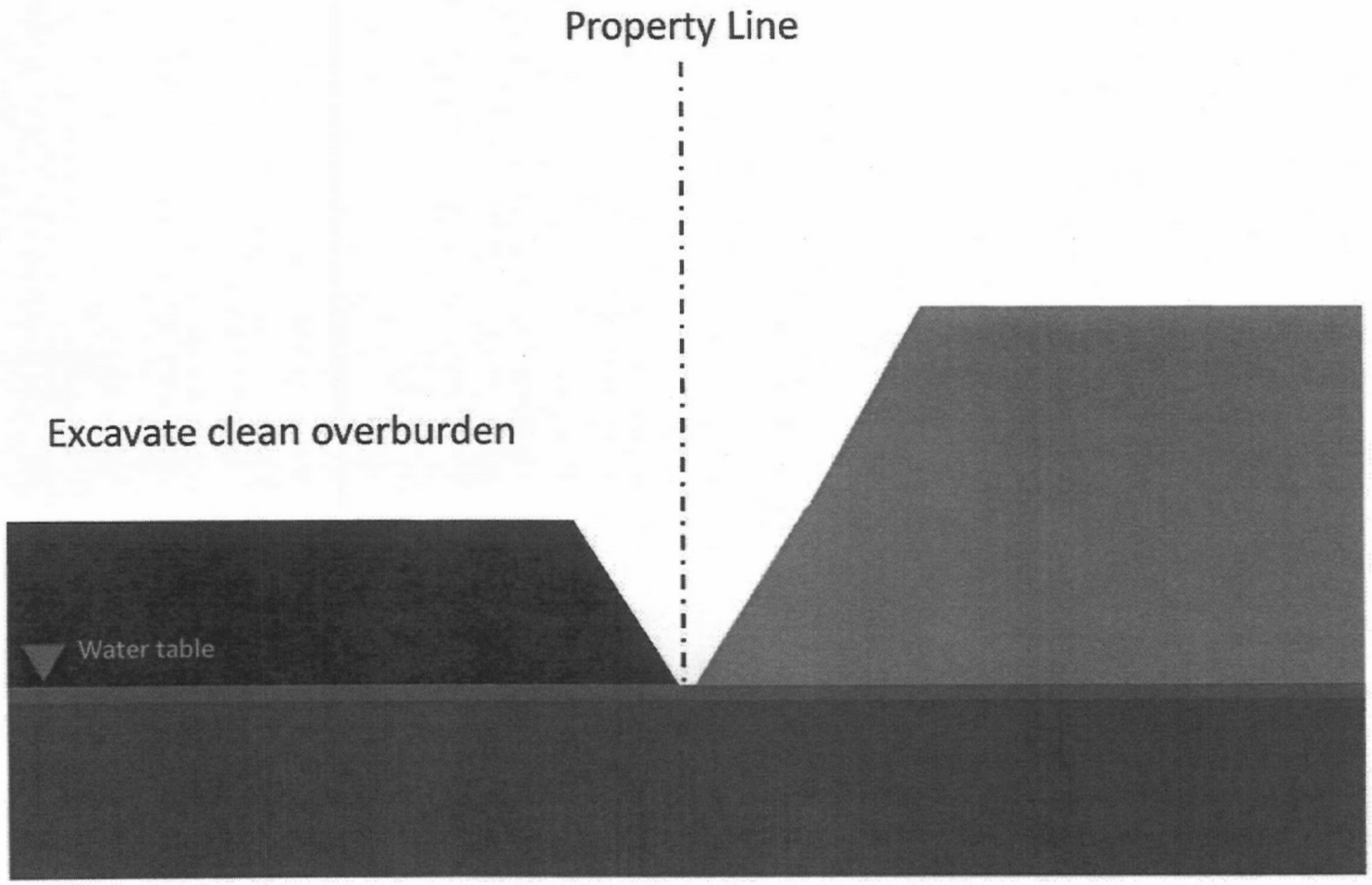
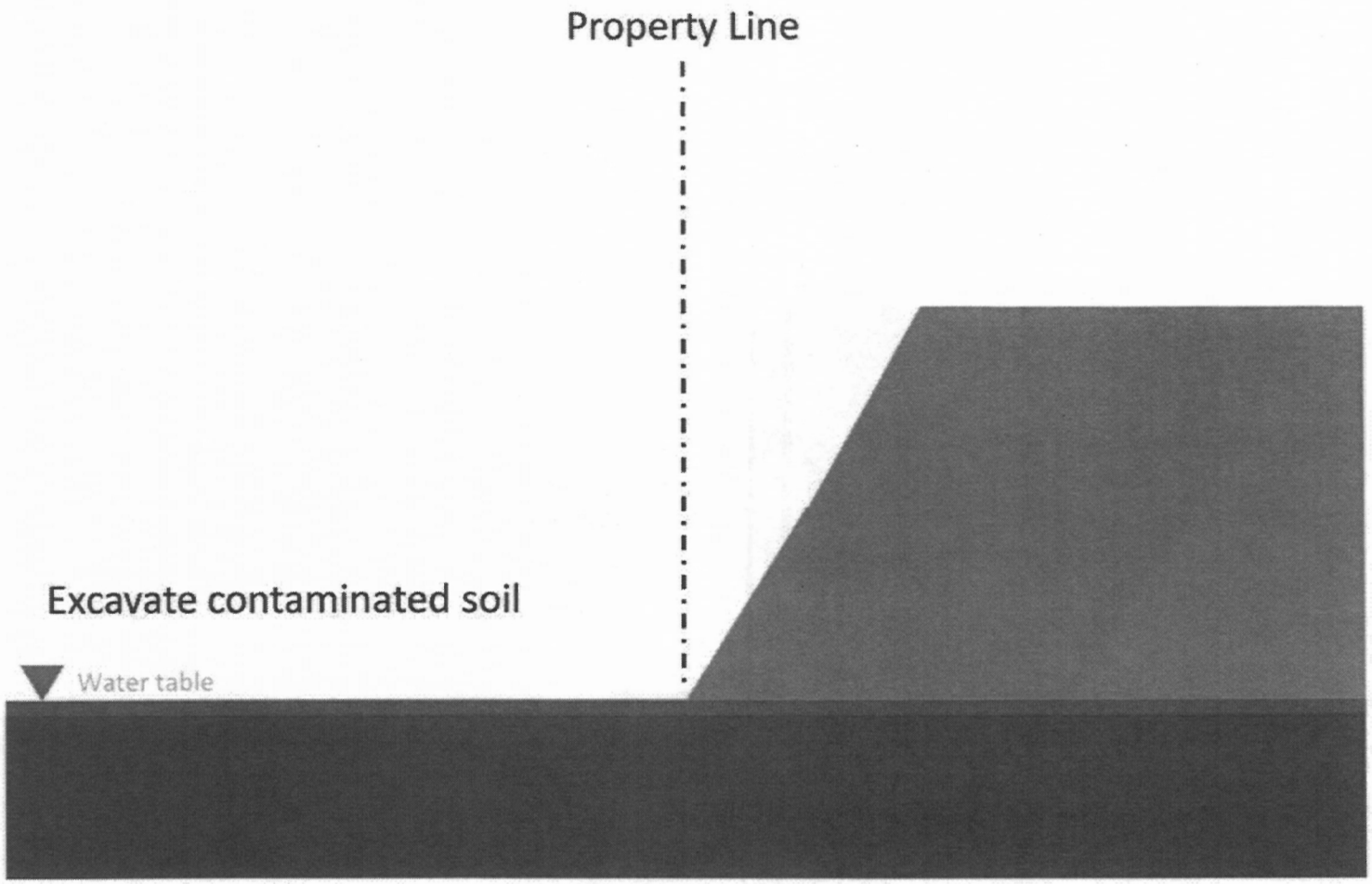
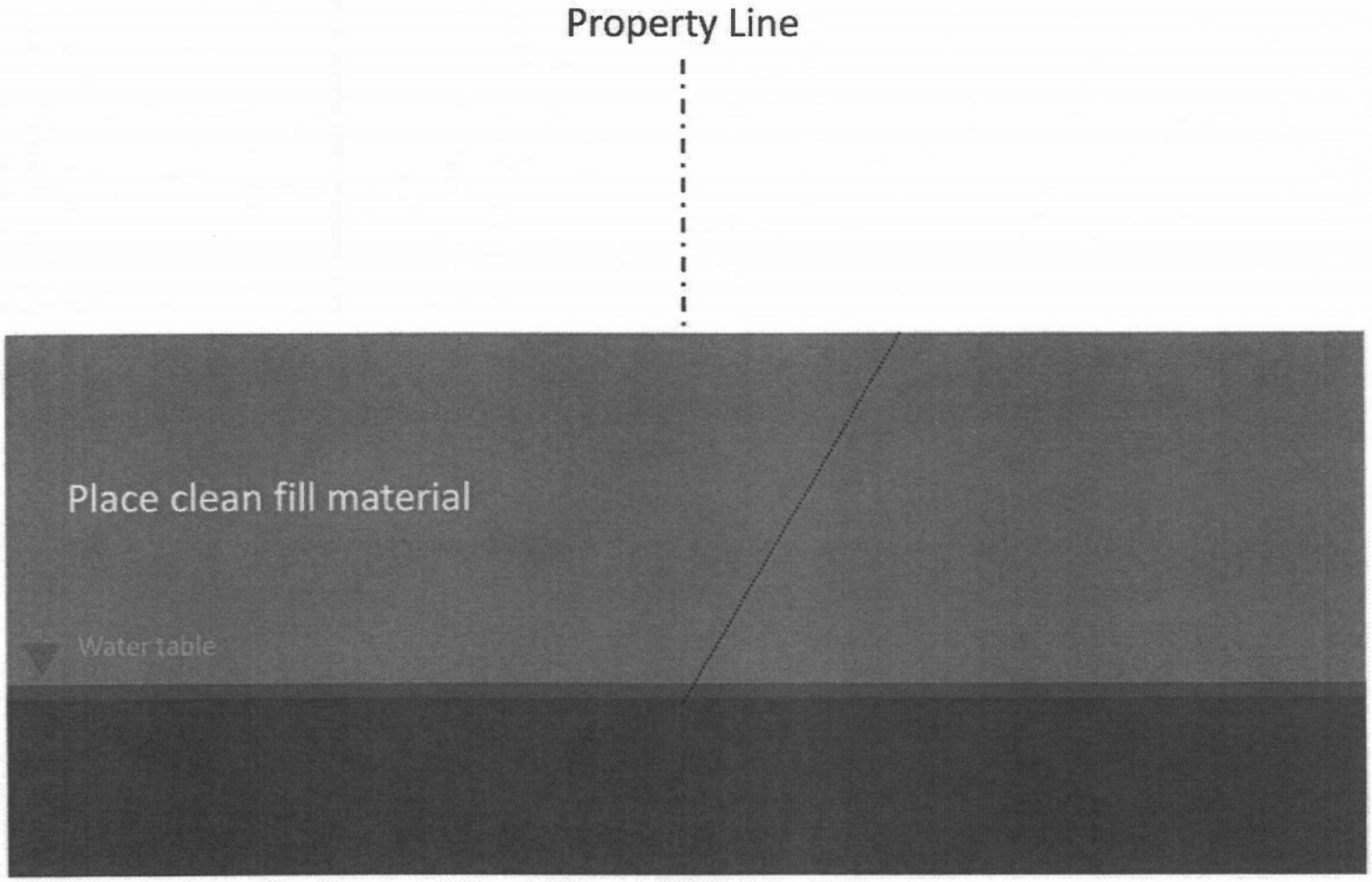


Exhibit E - Side slope transition sequence


Property Line
Excavate clean overburden
Water table


Property Line
Excavate contaminated soil
Water table


Property Line
Place clean fill material
Water table

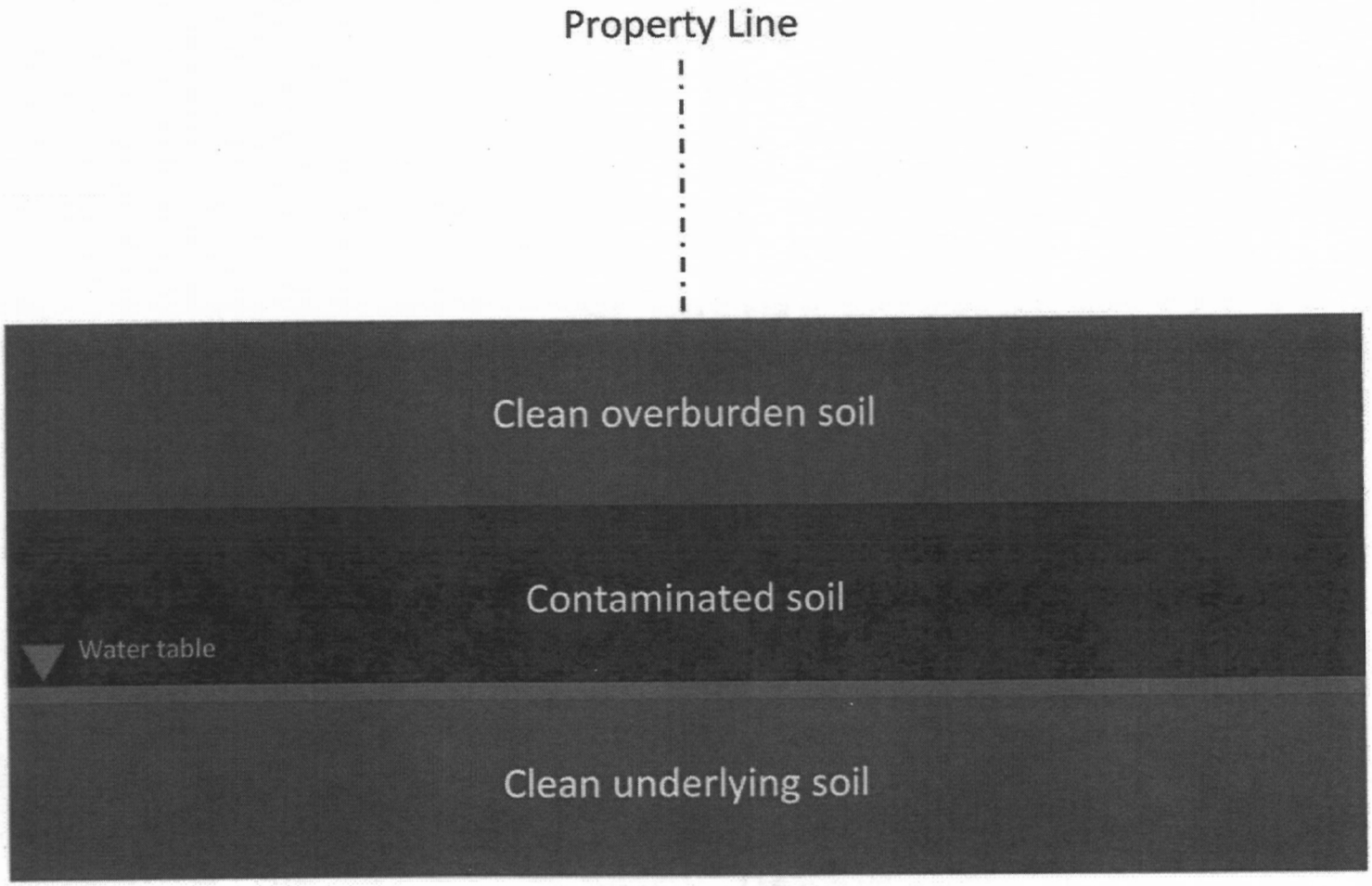
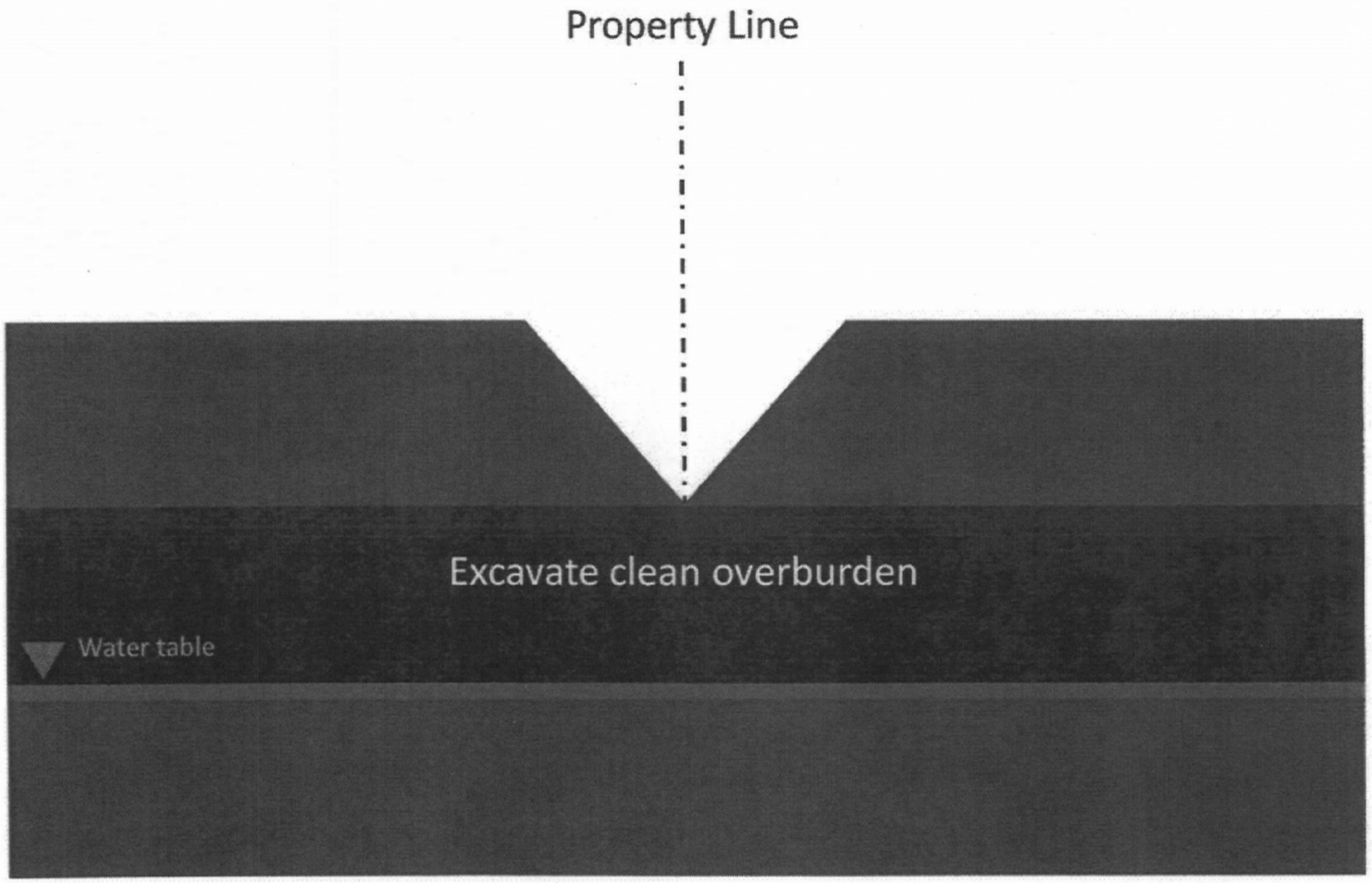
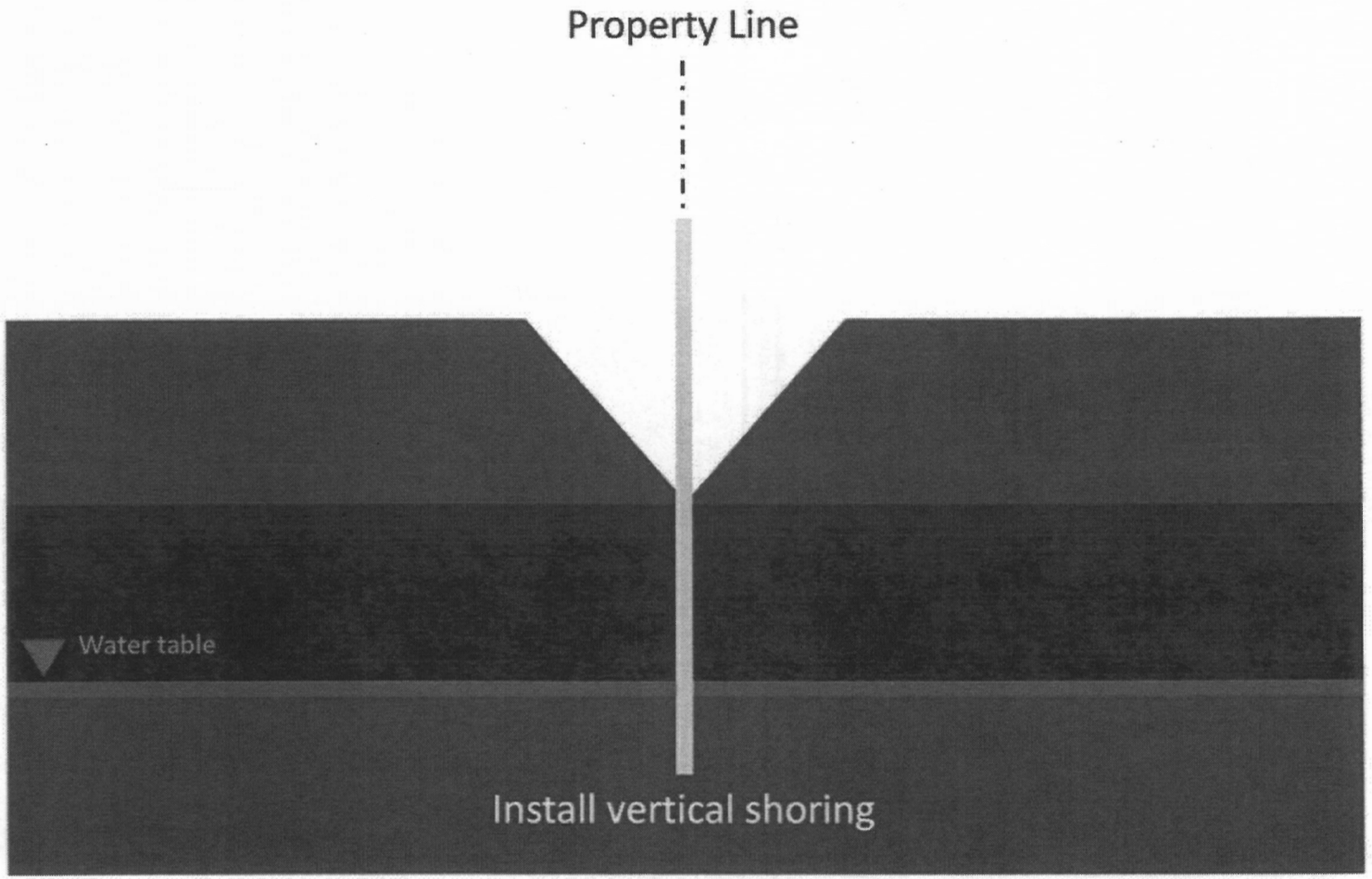
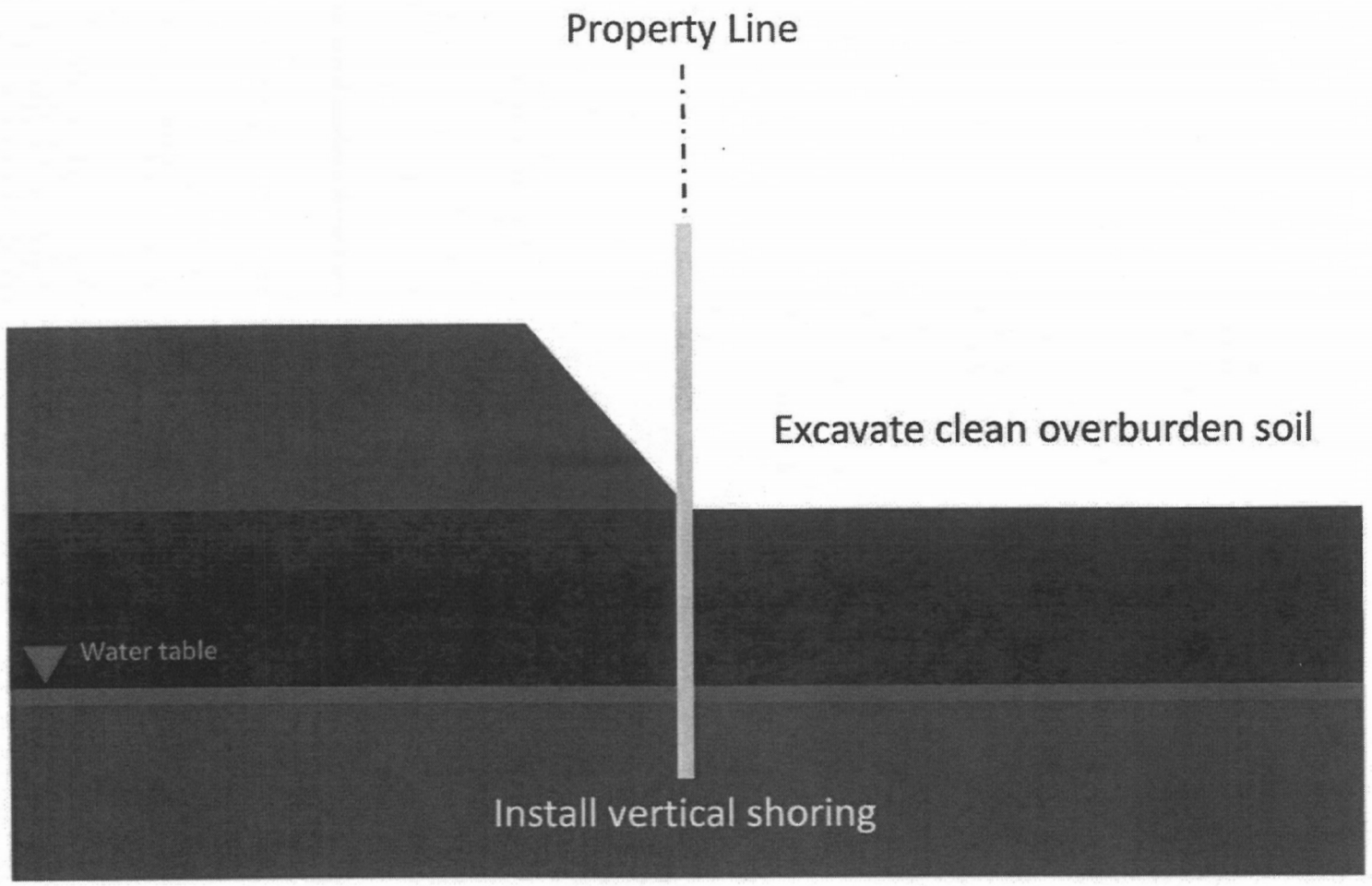
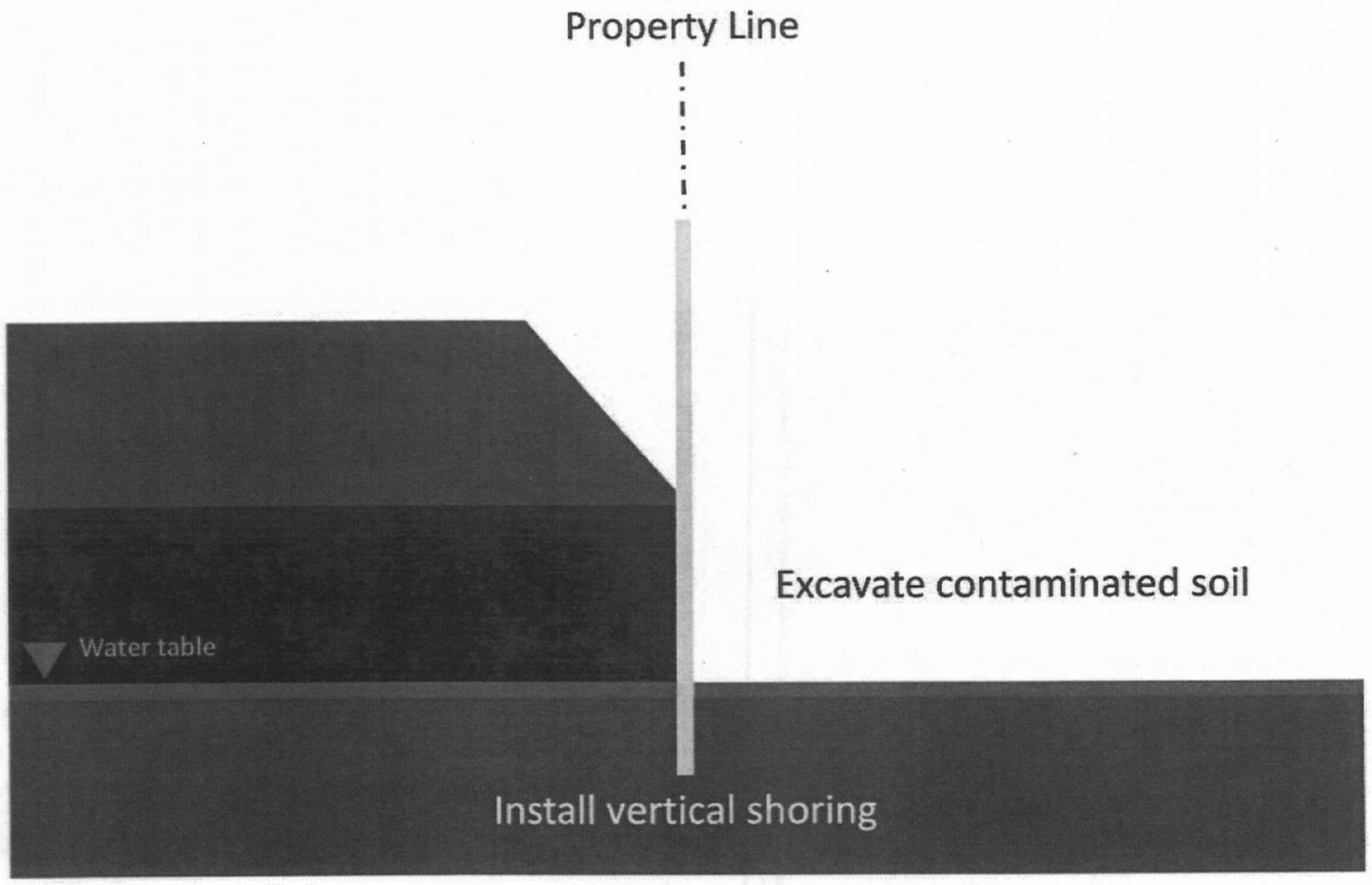


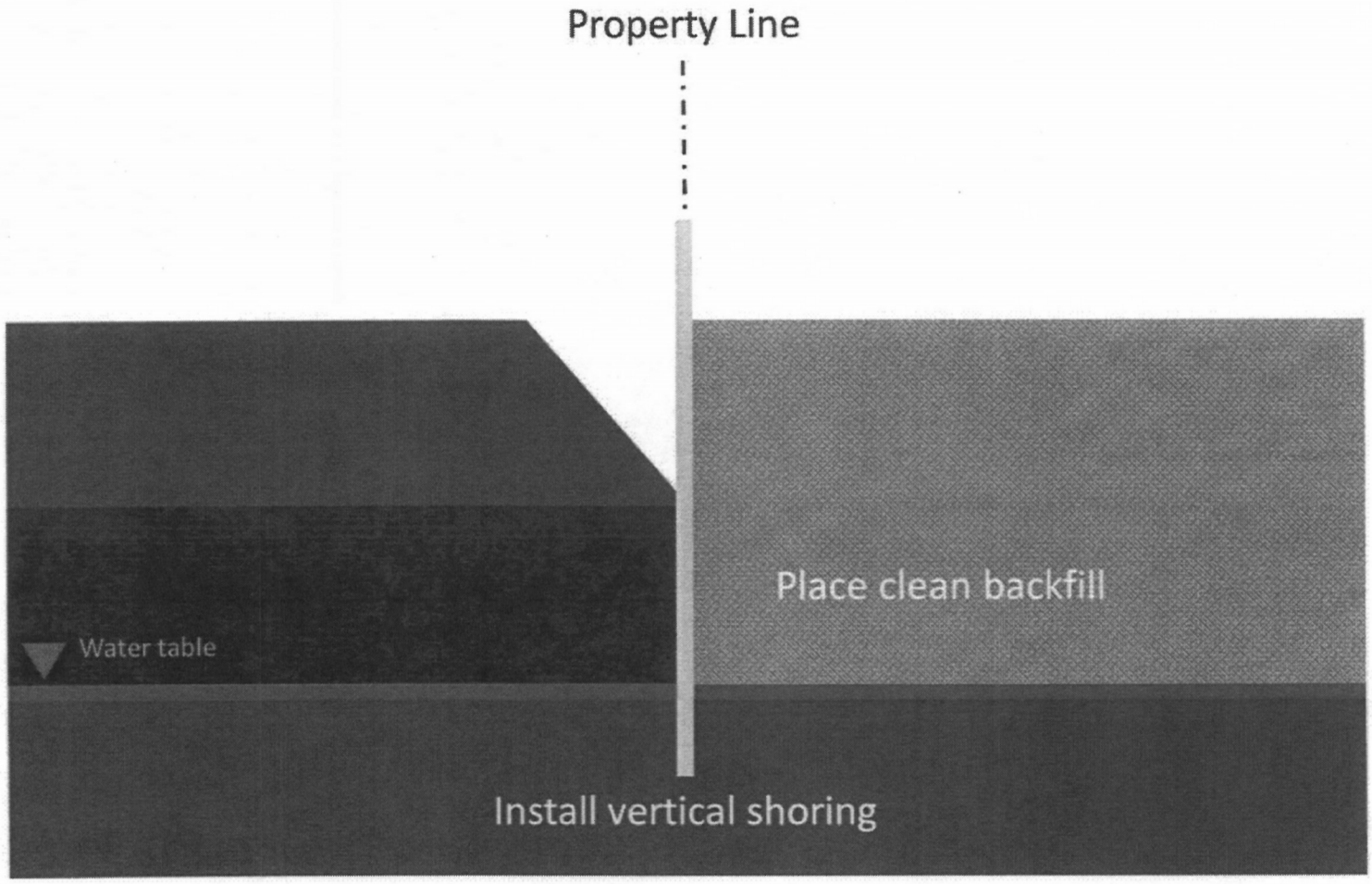
Exhibit E - Vertical shoring transition sequence


Property Line
Excavate clean overburden
Water table


Property Line
Water table
Install vertical shoring


Property Line
Excavate clean overburden soil
Water table
Install vertical shoring


Property Line
Excavate contaminated soil
Water table
Install vertical shoring


Property Line
Place clean backfill
Water table
Install vertical shoring